



Draft Work in Progress

***Energy Alternatives
Through
Unified Transmission***

June 25, 2003



The Regulatory Environment Is Changing

- We have heard the region's concerns that the RTO West process was too FERC/SMD-driven
- The region's efforts to communicate the need for flexibility have been successful
- We have worked hard to shape the RTO West proposal to be responsive to the region's needs
- We are open to hearing from you about how we can do this even more effectively

Vision

Unify transmission management to maintain reliability, improve efficient use of the transmission system, and provide the region's customers with access to diverse, widespread wholesale energy alternatives.



Objectives of Unified Transmission Management

- Better utilize the region's transmission system and improve the efficiency of wholesale markets
- Enable the transmission system to be planned and expanded for the benefit of the region's customers with fairly allocated cost
- Be independent, cost-effective, and responsive to the region

Objectives (continued)

- Effectively monitor markets and mitigate market power
- Provide the information necessary to develop and efficiently site diverse resources (including demand response)
- Provide a stable and clearly defined structure for moving energy and efficiently managing congestion throughout the region



Problems of Fragmented Management

- Discourages infrastructure investment
- Pancaked transmission charges distort customers' resource choices
- Multiple systems increase complexity and transaction costs
- Multiple control areas and current transmission rules and practices force us
 - To leave transmission capacity on the table when the physical system can support increased use
 - To make inefficient use of generation resources needed to follow load and provide other ancillary services

***Now is the time for the
region to move forward
together!***